

The Small Business Health Care Tax Credit & Premium Assistance Programs

If you participate in the Small Business Health Options Program (SHOP) Marketplace, you may qualify for the Small Business Health Care Tax Credit and state premium assistance programs. These can help to lower the cost of health insurance premiums. Your employees also may be eligible to get state premium assistance payments and tax credits.

The Small Business Health Care Tax Credit

The Small Business Health Care Tax Credit can be worth up to 50% of your premium contributions (up to 35% for tax-exempt employers). To qualify for the tax credit, you must have all of these:

- Fewer than 25 full-time equivalent (FTE) employees
- An average employee salary of \$50,000 per year or less adjusted yearly for inflation
- A contribution of at least 50% of your full-time employees' premium costs
- Employees enrolled in coverage through the SHOP Marketplace

You don't need to offer coverage to your part-time employees (those working fewer than 30 hours per week) or dependents to qualify for the tax credit.

The **SHOP Tax Credit Estimator** can help you determine if your business may qualify for the Small Business Health Care Tax Credit, and how much it could be worth.

State premium assistance programs

In addition to the Small Business Health Care Tax Credit, the tables on pages 2-3 list some state premium assistance programs that may be available to you and your employees based on your location.



Indiana: Healthy Indiana Plan (HIP)

Type of assistance	What assistance offers	What employers/employees must do
Premium Assistance Payments <ul style="list-style-type: none"> Available to employees of participating employers Given as a state reimbursement 	Employees are reimbursed for premium and out-of-pocket costs. <p>To participate, employees must contribute between \$1 and \$25 per month toward their health insurance premium, based on their income.</p>	Employees must: <ul style="list-style-type: none"> Be Indiana residents Be at least 21 years old Have a household income at or below approximately 138% of the Federal Poverty Level (FPL) (\$16,436 per year for an individual and \$33,865 for a family of 4) To apply, employers must: <ul style="list-style-type: none"> Offer SHOP Marketplace plans that meet the minimum benefit requirements of the Affordable Care Act, and are verified as affordable options for employees Contribute at least 50% to employees' premium costs

Kansas: Employer Health Insurance Contribution Credit

Type of assistance	What assistance offers	What employers/employees must do
Small Business Tax Credit <ul style="list-style-type: none"> Available to employers Given yearly as a refundable income tax credit for up to 3 years 	The tax credit offers: <ul style="list-style-type: none"> \$70 per month per eligible covered employee for the first 12 months of participation \$50 per month per eligible covered employee for the next 12 months of participation \$35 per month per eligible covered employee for the next 12 months of participation 	Employers must: <ul style="list-style-type: none"> Be subject to Kansas corporate income tax Have 2-50 employees working at least 30 hours per week Have a small employer health benefit plan or contributed to a Health Savings Account (HSA) of an eligible employee after December 31, 2004 Not have contributed to a health insurance premium or HSA on behalf of an eligible employee within the 2 years before claiming the credit

Maine: Tax Credit for Dependent Health Benefits Paid

Type of assistance	What assistance offers	What employers/employees must do
Small Business Tax Credit <ul style="list-style-type: none"> Available to employers Given yearly as a non-refundable income tax credit 	<p>The tax credit is worth either 20% of the dependent health benefits paid by the employer for low-income employees*, or \$125.00 per low-income employee with dependent coverage. The credit may not exceed 50% of the employer's Maine tax liability for a taxable year.</p> <p>*Low income employees are Maine residents earning weekly wages at or below the state average, as calculated by the Department of Labor.</p>	Employers must: <ul style="list-style-type: none"> Employ individuals working in Maine Employ fewer than 5 low-income employees (working at least 30 hours per week or 1,000 hours per year) Offer a qualified health benefit plan that's made available to all low-income employees (some SHOP Marketplace plans may count as qualified health insurance) Pay at least 80% of the cost of health coverage for each low-income employee under the plan, and pay at least 60% of the cost of dependent health benefits for children under 19 who are dependents of a low-income employee

Montana: Insure Montana Small Business Tax Credit and Purchasing Pool Programs

Type of assistance	What assistance offers	What employers/employees must do
Small Business Tax Credit <ul style="list-style-type: none"> Available to employers Given yearly as a refundable income tax credit 	The tax credit offers: <ul style="list-style-type: none"> Up to \$100 per month for employee-only coverage \$100 per month for an employee's spouse's coverage \$40 per month for an employee's dependent's coverage The credit can't exceed 50% of premiums paid. 	Employers must: <ul style="list-style-type: none"> Be a small business with 2-9 full-time employees Not owe delinquent state taxes Not have an employee (other than the owner) who gets more than \$75,000 in wages from the small employer or related employer in the prior tax year Not pay premiums from a Medical Savings Account (MSA)

Oklahoma: Insure Oklahoma Employer Sponsored Insurance (IO ESI) Premium Subsidy Program

Type of assistance	What assistance offers	What employers/employees must do
Premium Assistance Payments <ul style="list-style-type: none"> Available to employees of participating employers Given monthly by the state by check or direct deposit 	Pays 60% of employee's monthly premium costs. Employers must contribute at least 25% of the remaining 40% toward employee's monthly premium costs, and employees must contribute no more than 15% toward their own premium costs.	Employees must: <ul style="list-style-type: none"> Meet income guidelines (maximum of 200% of the Federal Poverty Level (FPL)) Contribute no more than 15% toward premium costs, and no more than 15% toward a qualified spouse's premium costs (this amount may be reduced depending on household income) Be between the ages of 19 and 64 Be a U.S. citizen (or permanent resident) Not be enrolled in another state program To apply, employers must: <ul style="list-style-type: none"> Have an operating location in Oklahoma Have no more than 99 total employees Provide a qualified health plan, approved by Insure Oklahoma (some qualified health plans may be offered through the SHOP Marketplace) Contribute at least 25% of the premium for each qualified employee

For more information about the premium assistance programs available, visit:

- **Alabama** Department of Revenue: revenue.alabama.gov/incometax/healthinsurnceded.cfm
- **Arizona** Department of Revenue: azdor.gov/TaxCredits/HealthInsurancePremiums.aspx#imp
- **Georgia's** Health Insurance Credit Form: dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/TSD_Qualified_Health_Insurance_Expense_Credit_Form_ITQHIE.pdf
- **Indiana** HIP 2.0: in.gov/fssa/hip/index.htm
- **Kansas** Department of Revenue: ksrevenue.org/taxcredits-employer.html
- **Maine's** Tax Credit for Dependent Health Benefits Paid Worksheet: maine.gov/revenue/forms/credits/2014/14_dep_hlth.pdf
- **Montana** Commissioner of Securities and Insurance: insuremontana.org/Forms.asp
- Insure **Oklahoma**: insureoklahoma.org

